



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

August 21, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**SEVEN-YEAR LEASE  
CHILD SUPPORT SERVICES DEPARTMENT  
5701 SOUTH EASTERN AVENUE, COMMERCE  
(FIRST DISTRICT) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the proposed seven-year lease with AP COMMERCE PLAZA, LLC, a Delaware limited liability company (Landlord) for the continued occupancy of 61,130 rentable square feet and 309 parking spaces for the Child Support Services Department (CSSD). The initial annual cost will not exceed \$1,577,160. The rental and related costs for the CSSD are 100 percent Federal and State grant funded.
2. Find that this project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Authorize the Director of Internal Services Department (ISD) to disconnect and reconnect voice lines, data lines, and low-voltage systems in conjunction with the Landlord's installation of new carpet for the premises. CSSD will be billed and will directly pay ISD for the work performed.
4. Approve and authorize the Chief Executive Office (CEO), ISD, and CSSD to implement the project. The lease will be effective upon approval by your Board.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Since 1998, the County of Los Angeles (County) has leased the subject facility for use by the CSSD programs. The facility houses the CSSD Call Center, Central Intake, and Interstate divisions. The CSSD Call Center processes inquiries from callers with family support related issues, while the Central Intake and Interstate divisions process referrals and coordinate with other states and counties to ensure financial support for children. The three divisions provide direct services to the public enforcing the payment of child support monies by non-custodial parents to the children, ensuring economic sustenance for children in Los Angeles County. The facility currently houses 369 employees.

The current lease expired on May 31, 2007, and the premises are currently occupied on a holdover basis. This facility continues to meet the program needs for CSSD which has requested the re-lease of this location. The program requires 74,000 square feet of office space, however, the cost to relocate the programs would be prohibitively expensive. By renewing the lease at the existing facility, the department will avoid the expense of new Tenant Improvements (TI), particularly as related to the purchase and installation of another telephone system for the Call Center operations at a new location. Approval of the proposed lease will provide CSSD with the necessary office space to continue program operations serving the Los Angeles County region without interruption.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countrywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity (Goal 4), and assist families' well being (Goal 5). The lease of this property supports these strategies by complying with the Strategic Asset Management Principles by maximizing subvention and housing the program in leased space as further outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed lease will provide CSSD the continued use of 61,130 square feet of office space at an initial monthly rent of \$131,430, or \$1,577,160 annually.

| <b>5701 S. Eastern Ave., Commerce</b> | <b>Existing Lease</b>                              | <b>Proposed Lease</b>                                   | <b>Change</b>  |
|---------------------------------------|--|---|--|
| Area (Square Feet)                    | 61,130   | 61,130  | None   |
| Term (Years)                          | Five years<br>(6/1/02-5/31/07)                     | Seven years (upon board approval)                       | + Seven years  |
| Annual Rent                           | \$1,122,347<br>(\$18.36/sq.ft.)                    | \$1,577,160<br>(\$25.80/sq.ft.)                         | +\$ 454,807<br>(\$7.44/sq.ft.)                       |
| Tenant Improvements                   | \$611,300<br>(\$10/sq.ft.)                         | New carpet and paint provided by owner at his sole cost | No cost to County                                    |
| Parking                               | 309 parking spaces included in the rent            | 309 parking spaces included in the rent                 | None   |
| Cancellation                          | After 36 <sup>th</sup> month, upon 180 days notice | After 60 <sup>th</sup> month, upon 120 days notice      | + 24 months<br>- 60 days notice                      |
| Option to Renew                       | Five-year option                                   | Five-year option  | None   |
| Operating Expenses                    | Based on CPI capped at 4 percent over base year    | Electrical and insurance expenses only over base year   | + electrical and insurance expense pass-through only |
| Rental Adjustment                     | Fixed rent for term of lease                       | 3 percent fixed annually                                | + 3 percent per annum                                |

This is a full service lease whereby the Landlord is responsible for all operating costs associated with the County's occupancy, with the exception of electricity and insurance expenses beyond the base year amount and after-hours heating, ventilation, and air conditioning (HVAC) charges associated with the tenant's use which will be charged back to CSSD at the rate of \$85 per hour. On-site parking spaces of 309 are included in the rental rate. CSSD will be responsible for paying ISD for the low-voltage work associated with the furniture lift when replacing the carpet. The Landlord is responsible for the cost of replacing the carpet, the furniture lift, and painting the premises.

Sufficient funding for the proposed lease is included in the 2007-08 Rent Expense Budget, and will be charged back to CSSD. The costs associated with the proposed lease will be 100 percent funded via State (34 percent) and Federal (66 percent) funds.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease will provide a seven-year term for 61,130 rentable square feet of office space with 309 parking spaces currently occupied by CSSD. The lease contains the following provisions:

- Lease term commencing upon Board approval and terminating seven years thereafter;
- A full service gross basis whereby the Landlord is responsible for the operational and maintenance costs associated with the premises;
- TI consisting of new carpet and paint throughout the premises;
- A cancellation provision after the 60<sup>th</sup> month of the lease term upon 120 days prior written notice;
- Annual rental adjustments of three percent per annum over the term of the lease; and
- One five-year option at the same terms and conditions at 95 percent of Fair Market Value.

The CEO Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search area for this service area and there are no County-owned or leased facilities available for this program.

Based on the survey, staff has established that the rental range for similar space is between \$22.80 and \$32.40 per square foot per month on a full service gross basis. Thus, the annual rental rate of \$25.80 per square foot/month at full service gross for the proposed lease is within the middle range of market rates for this area.

The Department of Public Works has considered this facility and found it suitable for County's occupancy under a lease. A child care center is not feasible for the department in the proposed premises.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed new lease term will provide the necessary office space for CSSD's requirements. The lease has been reviewed and approved as to form by County Counsel.

The Honorable Board of Supervisors  
August 21, 2007  
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**NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

This office has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return three originals of the executed Lease and the adopted, stamped Board letter, and three certified copies of the Minute Order to the CEO-Real Estate Division, 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DL  
JSE:FC:hd

Attachments (3)

c: County Counsel  
Auditor-Controller  
Child Support Services Division  
Internal Services Department

5701Eastern.b

**CHILD SUPPORT SERVICES DEPARTMENT**  
**5701 SOUTH EASTERN AVENUE, COMMERCE**  
**Asset Management Principles Compliance Form<sup>1</sup>**

|   |  |            |           |            |
|---|--|------------|-----------|------------|
| <b>1.</b>   | <b><u>Occupancy</u></b>  | <b>Yes</b> | <b>No</b> | <b>N/A</b> |
| A   | Does lease consolidate administrative functions? <sup>2</sup>  |            |           | X          |
| B   | Does lease co-locate with other functions to better serve clients? <sup>2</sup>  |            |           | X          |
| C   | Does this lease centralize business support functions? <sup>2</sup>  |            |           | X          |
| D   | Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup><br><b>Currently at 165 sq.ft. per person because the department cannot afford to move to into more appropriate space.</b> |            | X         |            |
| <b>2.</b>   | <b><u>Capital</u></b>  |            |           |            |
| A   | Is it a substantial net County cost (NCC) program? <b>The three programs receive State and Federal grant funding.</b>  |            | X         |            |
| B   | Is this a long term County program?  | X          |           |            |
| C   | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?   |            | X         |            |
| D   | If no, are there any suitable County-owned facilities available?   |            | X         |            |
| E   | If yes, why is lease being recommended over occupancy in County-owned space?   |            |           | X          |
| F   | Is Building Description Report attached as Attachment B?   | X          |           |            |
| G   | Was build-to-suit or capital project considered? <b>The department cannot consider this type of project at this time.</b>  |            | X         |            |
| <b>3.</b>   | <b><u>Portfolio Management</u></b>   |            |           |            |
| A   | Did department utilize CEO Space Request Evaluation (SRE)?   | X          |           |            |
| B   | Was the space need justified?  | X          |           |            |
| C   | If a renewal lease, was co-location with other County departments considered? <b>The department cannot afford to move.</b>   |            | X         |            |
| D   | Why was this program not co-located?   |            |           |            |
|   | 1. ___ The program clientele requires a "stand alone" facility.  |            |           |            |
|   | 2. ___ No suitable County occupied properties in project area.   |            |           |            |
|   | 3. <u>X</u> No County-owned facilities available for the project.  |            |           |            |
|   | 4. ___ Could not get City clearance or approval.   |            |           |            |
|   | 5. ___ The Programs are being co-located.  |            |           |            |
| E   | Is lease a full service lease? <sup>2</sup> <b>Except for incremental electrical utility costs and insurance costs above the base year amount, and after-hours HVAC.</b>                                     | X          |           |            |
| F   | Has growth projection been considered in space request?  | X          |           |            |
| G   | Has the Dept. of Public Works completed seismic review/approval?   | X          |           |            |
| <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |  |            |           |            |
| <sup>2</sup> If not, why not?                                 |  |            |           |            |

**CHILD SUPPORT SERVICES DEPARTMENT  
SPACE SEARCH THREE MILE RADIUS  
FROM 5701 SOUTH EASTERN AVENUE, COMMERCE**

| LACO | FACILITY NAME                                 | ADDRESS   | SQUARE GROSS | FEET NET | OWNERSHIP    | SQUARE FEET AVAILABLE |
|------|---|---|--------------|----------|--------------|-----------------------|
| 5466 | PUBLIC LIBRARY-HUNTINGTON PARK LIBRARY        | 6518 MILES AVE, HUNTINGTON PARK 90255                   | 33482        | 24243    | OWNED        | NONE                  |
| 3709 | HUNTINGTON PARK COURTHOUSE                    | 6548 MILES AVE, HUNTINGTON PARK 90255                   | 29295        | 16325    | GROUND LEASE | NONE                  |
| T409 | HUNTINGTON PARK COURTHOUSE ANNEX              | 6548 MILES AVE, HUNTINGTON PARK 90255                   | 4480         | 4000     | GROUND LEASE | NONE                  |
| D030 | PUBLIC LIBRARY-MAYWOOD CESAR CHAVEZ LIBRARY   | 4323 E SLAUSON AVE, MAYWOOD 90270                       | 3362         | 2881     | GRATIS LEASE | NONE                  |
| A190 | PUBLIC LIBRARY-BELL LIBRARY                   | 4411 E GAGE AVE, BELL 90201                             | 4863         | 3515     | LEASE        | NONE                  |
| 4465 | DF KIRBY CENTER-ADMINISTRATION BUILDING       | 1500 S MCDONNELL AVE, COMMERCE 90022                    | 18169        | 10117    | OWNED        | NONE                  |
| B460 | DPSS-GAIN PROGRAM REGION VI OFFICE            | 5460 BANDINI BLVD, BELL 90201                           | 31400        | 21815    | LEASE        | NONE                  |
| A133 | CHILD SUPPORT SERVICES-ADMINISTRATIVE HDQTRS  | 5770 S EASTERN AVE, CITY OF COMMERCE 90040-2924         | 84477        | 63413    | LEASE        | NONE                  |
| A188 | SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGEMT | 4900 S EASTERN AVE, CITY OF COMMERCE 90040              | 38936        | 33247    | LEASE        | NONE                  |
| A332 | CHILD SUPPORT SERVICES-COMPUTER SYSTEMS DIV   | 5500 S EASTERN AVE, CITY OF COMMERCE 90040              | 48794        | 46354    | LEASE        | NONE                  |
| A570 | CHILD SUPPORT SERVICES-INTERSTATE DIVISION    | 5701 S EASTERN AVE, CITY OF COMMERCE 90040              | 61130        | 55017    | LEASE        | NONE                  |
| A069 | FIRE-MAPPING & ENGINEERING SECTION OFFICE     | 5900 S EASTERN AVE BLDG #16 (3), CITY OF COMMERCE 90040 | 1720         | 1548     | LEASE        | NONE                  |
| A580 | FIRE-ADMINISTRATIVE HEADQUARTERS OFFICE ANNEX | 5801 S EASTERN AVE, CITY OF COMMERCE 90040              | 28474        | 25627    | LEASE        | NONE                  |
| A157 | DC&FS-REGION III HEADQTRS/ BELVEDERE SERVICES | 5835 S EASTERN AVE, CITY OF COMMERCE 90040              | 38814        | 36873    | LEASE        | NONE                  |
| 5428 | DPSS-BELVEDERE AP DISTRICT OFFICE             | 5445 E WHITTIER BLVD, EAST LOS ANGELES 90022            | 70493        | 49261    | OWNED        | NONE                  |
| A460 | DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER   | 5555 FERGUSON DR, CITY OF COMMERCE 90022                | 268400       | 246550   | OWNED        | NONE                  |
| A381 | PW-INCORPORATED CITY OFFICE (COMMERCE)        | 2535 COMMERCE WAY (CITY HALL), CITY OF COMMERCE 90040   | 2170         | 2170     | GRATIS LEASE | NONE                  |
| A310 | CHILD SUPPORT SERVICES-COLLECTIONS OFFICE     | 5895 RICKENBACKER RD, CITY OF COMMERCE 90040            | 11394        | 11394    | LEASE        | NONE                  |
| A146 | FIRE-HAZARDOUS MATERIALS DIVISION HEADQUARTRS | 5825 RICKENBACKER RD, CITY OF COMMERCE 90040            | 16670        | 13737    | LEASE        | NONE                  |
| A183 | SHERIFF-HOMICIDE BUREAU OFFICE BUILDING       | 5747 RICKENBACKER RD, CITY OF COMMERCE 90040            | 17460        | 14563    | LEASE        | NONE                  |
| A427 | FIRE-MAPPING & ENGINEERING SECTION OFFICES    | 5847 RICKENBACKER RD, CITY OF COMMERCE 90040            | 14354        | 12200    | LEASE        | NONE                  |
| A446 | FIRE-INFORMATION MANAGEMENT DIVISION OFFICES  | 5815 RICKENBACKER RD, CITY OF COMMERCE 90040            | 3722         | 3350     | LEASE        | NONE                  |
| A823 | FIRE-FIRE PREVENTION DIV/ FORESTRY DIV HDQTRS | 5823 RICKENBACKER RD, CITY OF COMMERCE 90040            | 17710        | 15939    | LEASE        | NONE                  |
| B059 | DISTRICT ATTORNEY-AUTO INSURANCE FRAUD UNIT   | 5901 E SLAUSON AVE, COMMERCE 90040                      | 6840         | 6500     | GRATIS LEASE | NONE                  |
| D090 | PUBLIC LIBRARY-CHET HOLIFIELD LIBRARY         | 1060 S GREENWOOD AVE, MONTEBELLO 90640                  | 5500         | 4601     | LEASE        | NONE                  |
| 5934 | PUBLIC LIBRARY-LELAND R WEAVER LIBRARY        | 4035 TWEEDY BLVD, SOUTH GATE 90280                      | 19461        | 16955    | OWNED        | NONE                  |
| Y460 | DPSS-CUDAHY A/P DISTRICT OFFICE               | 8130 S ATLANTIC AVE, CUDAHY 90201                       | 30873        | 24212    | OWNED        | NONE                  |
| A680 | PUBLIC LIBRARY-CUDAHY LIBRARY                 | 5218 SANTA ANA ST, CUDAHY 90201                         | 4396         | 3332     | LEASE        | NONE                  |
| A308 | PUBLIC LIBRARY-BELL GARDENS LIBRARY           | 7110 GARFIELD AVE, BELL GARDENS 90201                   | 5000         | 4213     | PERMIT       | NONE                  |

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT**

**DEPARTMENT: CHILD SUPPORT SERVICES, as Tenant**

**LANDLORD: AP-COMMERCE PLAZA LLC**

**5701 S. EASTERN AVE, CITY OF COMMERCE, CA**



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COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

THIS LEASE is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2007 between AP-COMMERCE PLAZA LLC, a Delaware limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- (a) Landlord's Address for Notice: AP-COMMERCE PLAZA LLC  
c/o The Abbey Management Company  
310 Golden Shore, Suite 300  
Long Beach, CA 90802
- (b) Tenant's Address for Notice: Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012
- With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 830-0927
- (c) Premises: Approximately 61,130 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.
- (d) Building: The building located at 5701 S. Eastern Avenue, City of Commerce, CA which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property").

- (e) Term: Seven (7) years commencing upon the "Commencement Date", as that term is defined in Section 1 (g) below; and terminating at midnight on the day before the seventh anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
- (f) Projected Commencement Date: August 1, 2007
- (g) Commencement Date: See Section 4(a)
- (h) Irrevocable Offer Expiration Date: September 1, 2007
- (i) Basic Rent: \$131,430 per month (which is based upon a rental rate of \$2.15 per rentable square foot and thereafter per the rent schedule in Section 5 hereof, adjustable only as provided in Section 5 hereof.)
- (j) Early Termination Notice Date: At or after the last day of the sixtieth (60<sup>th</sup>) full calendar month of the Term.
- (k) Rentable Square Feet in the Premises: 61,130
- (l) Use: General office use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: Child Support Services
- (n) Parking Spaces: 309 non-reserved parking spaces
- (o) Normal Working Hours: 7:00 a.m. to 6:00 p.m., Monday through Friday except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by

the County of Los Angeles, California

(p) Asbestos Report: Not Applicable.

1.2 Defined Terms Relating to Exhibit F, Tenant Improvements

- (a) Base Tenant Improvement Allowance None- The improvements to the Premises required to be delivered by the Landlord to the Tenant are described in Exhibit F
- (b) Additional Tenant Improvement Allowance None
- (c) Maximum Change Order Allowance None
- (d) Additional Tenant Improvement and Change Order Amortization Rate: Not Applicable
- (e) Basic Rent Reduction Not Applicable
- (f) Tenant's Tenant Improvements Representative Farron Chavarria and/or an assigned staff person of the Chief Executive Office-Real Estate Division to act on behalf of the Tenant.
- (g) Landlord's Tenant Improvements Representative Tom Clarke and/or an assigned staff person of the Landlord.
- (h) Landlord's Address for Tenant Improvements Notice See Section 1(a)
- (i) Tenant's Address for Tenant Improvements Notice Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 217-4971

1.3 Exhibits to Lease

Exhibit A - Floor Plan of Premises  
Exhibit B- Legal Description of Property  
Exhibit C - Commencement Date  
Memorandum and Confirmation of Lease  
Terms  
Exhibit D - HVAC Standards  
Exhibit E - Cleaning and Maintenance  
Schedule.  
Exhibit F - Tenant Improvements

1.4 Supplemental Lease Documents  
(delivered to Landlord and made a part hereof  
by this reference):

Document I: Subordination, Non-disturbance  
and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business  
Enterprises Form  
Document IV: Memorandum of Lease

2. PREMISES.

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

Tenant acknowledges that it is already in possession of the Premises pursuant to Lease No. 72226 (previously entered into between Tenant and Landlord's predecessor-in-interest), and that Landlord shall be deemed to have delivered possession of the Premises to Tenant on the Commencement Date in an "as is" condition with no alterations or improvements being made by Landlord except those specifically set forth in Exhibit F attached hereto.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES.

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing

the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C.

(b) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 120 days prior written notice executed by the Chief Executive Officer of Tenant.

5. RENT.

(a) Basic Rent. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within 15 days after a claim therefore for each such month has been filed by Landlord with the Auditor of the County of Los Angeles prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Basic rent for the Term of the lease shall include step rent increases of three percent (3%) per anniversary as follows:

| <u>Year</u> | <u>Rate/Square foot</u> | <u>Monthly</u> |
|-------------|-------------------------|----------------|
| 1           | \$2.15                  | \$131,430.00   |
| 2           | \$2.21                  | \$135,372.39   |
| 3           | \$2.28                  | \$139,433.56   |
| 4           | \$2.35                  | \$143,616.56   |
| 5           | \$2.42                  | \$147,925.06   |
| 6           | \$2.49                  | \$152,362.81   |
| 7           | \$2.57                  | \$156,933.70   |

(b) Operating Expenses. Tenant shall pay as additional rent for any increases in its proportionate share of the Building's Operating Expenses limited to electricity and insurance expenses only (including cost of fire, public liability and property damage insurance), over the Base Year 2007 operating expenses. Operating expenses for the Building shall be calculated based on a ninety-five percent (95%) occupied building. Within 90 days after the expiration of each calendar year, Landlord shall furnish Tenant with a statement of the actual electrical and insurance operating costs of the Building. Tenant shall be entitled to audit and verify the operations of the Building and/or the related books and records of Landlord to ensure that the said electrical and insurance operating costs reported by Landlord are in keeping with the provisions of this Section.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 30 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable



payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either

Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

#### 10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that, based upon Landlord's actual knowledge, Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra building network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be repaired as needed); (2) interior partitions; (3) doors; and (4) the interior side of demising walls.

(c) Tenant Obligations.

Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of

the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

#### 11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

(1) Landlord also shall provide HVAC services during hours other than Normal Working Hours ("After Hours HVAC") subject to the following terms and conditions:

(2) Landlord shall provide the After Hours HVAC in the event Tenant gives Landlord advance notice of its need for such service no later than 3:00 p.m. on Monday through Friday that Tenant requires the services. In addition and notwithstanding the foregoing, Tenant may contact the Building manager or on-site Building engineer at any reasonable time to order After Hours HVAC, and Landlord shall, to the extent reasonably practicable, provide After Hours HVAC service as requested by Tenant, even if Tenant failed to give notice within the time periods specified above.

(3) Landlord will provide the After Hours HVAC at the actual costs incurred by Landlord in providing any particular service, including Landlord's reasonable estimate of related administrative cost for such service ("Actual Costs") but only to the extent that such Actual Costs are not duplicative of costs included in

Operating Costs and applicable depreciation related to the increased utilization of equipment used in providing the service and when appropriate under this Lease, shall be applicable to After Hours HVAC and any other utility or service normally provided by Landlord to other tenants. There shall be no start-up charges or minimum usage for After Hours HVAC service. The foregoing direct charges shall be payable by Tenant as Additional Rent. The rate for After Hours HVAC currently is eighty five dollars (\$85.00) per hour which Landlord and Tenant acknowledge is appropriate in accordance with the foregoing.

(b) Electricity. Landlord shall continue to furnish to the Premises the amount of electric current that is currently provided to the Premises.

(c) Elevators. Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Premises, Basic Rent shall be prorated based upon the percentage of the Premises rendered untenable and/or inaccessible by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

### 13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Tenant Default") shall constitute a material default and breach of this Lease by Tenant:

(i) The failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Tenant Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

#### 14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Upon first obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed, Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises, except that Landlord's prior written consent is not required where Tenant assigns this Lease or sublets the whole or part of the Premises to another County Department, provided that such County Department's use is consistent with Class A office building uses. No such assignment, sublet or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold, if (1) the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease; and (2) the intended use is in accordance with Paragraph 1(l) above or is otherwise acceptable to Landlord.

#### 16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

#### 17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are

pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

## 18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees,

arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

## 19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.



(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured, or its equivalent, on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

## 20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of non-exclusive unreserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant for period exceeding seven (7) consecutive days after Landlord has received written notice from Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to \$200 for each Parking Space not so provided. The foregoing notwithstanding, if Landlord fails to provide at least 155 off-street parking spaces which are located within 500 feet of the Premises for a period of 2 consecutive months after

Landlord's receipt of Tenant's written notice, Tenant shall have the right to terminate this Lease by notifying Landlord with 15 days' written notice at any time following the expiration of said two-month period.

## 21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity

shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Landlord shall at Landlord's sole cost and expense, following the Renewal Commencement Date, perform the Tenant Improvement work described in Exhibit F attached hereto. The Landlord shall recarpet the existing Premises and repaint the existing painted interior walls of the Premises with Building standard paint in a Building standard color to be selected by Tenant, subject to availability (collectively, the "Landlord Work"). The Landlord Work shall be performed using Building standard materials, procedures and specifications, as set forth in Exhibit F hereof. Landlord agrees to perform the Landlord Work before 7:00 a.m. or after 7:00 p.m. on Mondays through Fridays and/or anytime on the weekends. Landlord will be responsible for the furniture lift for carpet replacement, including moving any furniture, fixtures, and/or equipment (including the disconnection of electrical equipment), and other property which Landlord or its contractor may require be moved to perform the work, provided however, that upon prior notice from Landlord or its contractor, Tenant shall arrange for all appropriate telephone, communication and computer wires or cables to be disconnected in advance of the moving of such equipment. Landlord and Tenant hereby agree to cooperate with the other party and exercise reasonable, good faith efforts to coordinate the timing and planning of the Tenant Improvement work. Tenant hereby agrees to use its best efforts to cooperate with Landlord in connection with the construction of the Landlord Work. Notwithstanding the foregoing, Landlord shall use its commercially reasonable efforts to perform the Landlord Work in a manner so as to minimize unreasonable interference with Tenant's business at the Premises. Landlord shall endeavor to perform all work within three (3) months of this Lease.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written

agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 30 days after the execution of this Lease.

(c) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall be permitted to install, at the Premises, reasonably appropriate signs that conform with any and all applicable laws and ordinances. However, Tenant shall be limited to the size, type, number and location of signs currently existing at the Building as of the date of this Lease.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

## 29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each

other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused

within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

### 31. ACKNOWLEDGEMENT BY LANDLORD.

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence

("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing, collateralized debt obligation financing, or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond refinancing vehicle, including, but not limited to, certificates of participation financing, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto, including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee, at least two weeks prior to the effective date thereof.

(vi) Except as it pertains to due diligence reviews in connection with re-financing and/or the sale of the Property, Landlord shall not furnish any information concerning County or the subject matter of the Lease, including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County, to any person or entity, except with County's prior written consent. The foregoing shall not apply to any information which is available to the general public. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County (if applicable) in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

### 33. OPTION TO EXTEND.

(a) Terms of Option. Provided that no material default has occurred and is continuing under the Lease at the time the option is exercised, and subject to Board of



Supervisor's approval or delegated authority to the Chief Executive Officer, Tenant shall have one option to renew this Lease for an additional period of five years, the "Extension Term".

(b) Exercise of Option. Tenant must exercise its options to extend this Lease by:

(i) Giving Landlord written notice of its intention to do so (its "Notice of Intent") which shall be no later than one hundred twenty (120) days nor earlier than three hundred sixty-five (365) days prior to the end of the initial Term, or the First Extension Term, as applicable, and

(ii) After Market Rental Value has been determined as provided below, and after the Board of Supervisors has approved the exercise of the option to renew, by giving written notice of its election to exercise such option. It is understood that Tenant will not exercise its option until after the Board of Supervisors has approved doing so, which will not be prior to the determination of the Market Rental Value as provided below. If the Board of Supervisors has not approved the exercise of such option prior to ninety (90) days after the expiration of the Term of this Lease as then in effect, Tenant shall be entitled to holdover as provided in this Lease.

(c) Terms and Conditions of the Extension. Extension Terms shall be on all the terms and conditions of this Lease, except that Basic Rent during Extension Terms shall be equal to ninety-five percent (95%) of Market Rental Value for the Premises as of the commencement of the applicable Extension Term ("Adjusted Market Rental Value") to be determined as set forth below, and Landlord shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Terms.

(d) Agreement on Basic Rent. Landlord and Tenant shall have 90 days after Landlord receives the Notice of Intent in which to agree on the Basic Rent during the applicable Extension Term. Basic Rent during the Extension Term(s) shall be the Adjusted Market Rental Value of the Premises calculated as of the date Tenant gives its Notice of Intent with respect to its first and second options to extend, respectively.

(e) Market Rental Value. The term "Market Rental Value" shall be the rental rate that comparable Premises in the market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent, as determined jointly by Landlord and Tenant. For purposes hereof, the term "comparable Premises" shall mean premises in a Building similar in size and location to the Building, excluding any improvements installed by Tenant in the Building. In determining the Market Rental Value, appropriate consideration shall be given to Tenant's credit worthiness, the annual amount per rentable square foot that Landlord has accepted in current transactions between non-affiliated parties from new, non-expansion, non-renewal and non-equity tenants of comparable credit-worthiness for comparable premises for a comparable use for a comparable period of time, the annual rental rates per square foot, the standard of measurement by which the rentable square

footage is measured, the ratio of rentable square feet to usable square feet, the type of escalation clause (e.g., whether increases in additional rent are determined on a net or gross basis, and if gross, whether such increases are determined according to a base year or a base dollar amount expense stop), the extent of Tenant's liability under the lease, parking rights and obligations, signage rights, abatement provisions reflecting free rent and/or no rent during the period of construction or subsequent to the commencement date as to the space in question, brokerage commissions, if any, which would be payable by Landlord in similar transactions, length of the lease term, size and location of the Building being leased, and other general applicable conditions of tenancy for such comparable transactions.

(f) Opinions. Landlord shall submit its opinion of Market Rental Value to Tenant within 15 days after Landlord's receipt of the Notice of Intent and Tenant shall respond thereto within ten days thereafter by either (a) accepting Landlord's opinion of Market Rental Value (in which case, such Market Rental Value shall be used to determine Basic Rent during the Extension Term) or (b) submitting Tenant's opinion of Market Rental Value. If Landlord and Tenant cannot agree upon the Market Rental Value of the Premises within 15 days thereafter, then Landlord and Tenant within five days shall each submit to each other their final written statement of Market Rental Value ("Final Statement"). Within ten days thereafter Landlord and Tenant shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Landlord and Tenant agree, a certified property manager with ten years experience) who will determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten day period, Tenant may apply to the Presiding Judge of the Superior Court for Los Angeles County, requesting said Judge to appoint the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement of Market Rental Value shall be the Market Rental Value used in determining Basic Rent during the Extension Term. The fees and expenses of the appraiser shall be borne equally by Landlord and Tenant. The appraiser appointed or selected pursuant to this Section shall have at least ten years experience appraising commercial properties in Los Angeles County.

(g) Amendment of Lease. Immediately after the Board of Supervisors approves the exercise of any option granted pursuant to this Section 33, and such option is exercised, Landlord and Tenant shall execute an amendment to this Lease setting forth the new Basic Rent in effect.

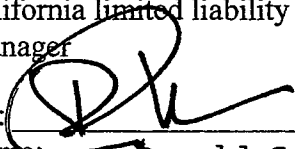
**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

AP-COMMERCE PLAZA LLC, a  
Delaware limited liability company

By: Abbey-Properties II LLC, a  
California limited liability company  
Its: Manager

By:   
Name: Donald G. Abbey  
Its: Managing Member

TENANT:

COUNTY OF LOS ANGELES  
a body politic and corporate

By: \_\_\_\_\_  
Zev Yaroslavsky  
Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai  
Executive Officer-Clerk  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
Raymond G. Fortner, Jr.  
County Counsel

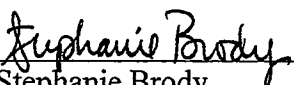
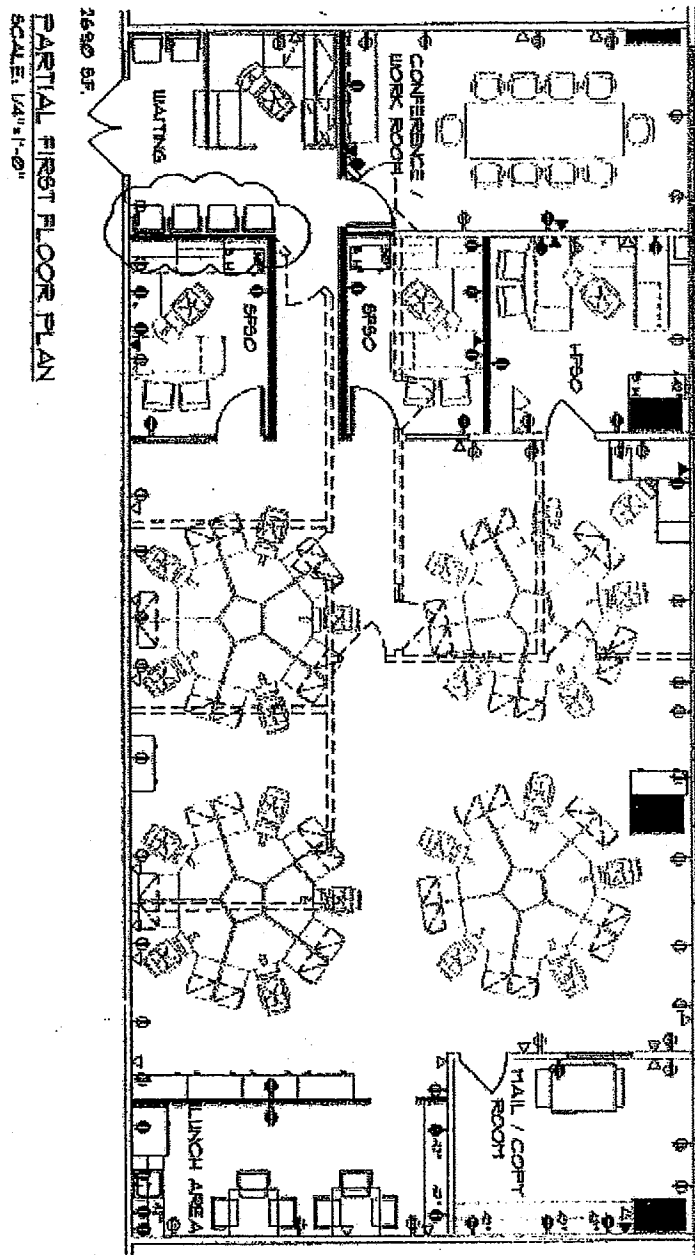
By:   
Stephanie Brody  
Senior Associate County Counsel

EXHIBIT A

FLOOR PLAN OF PREMISES



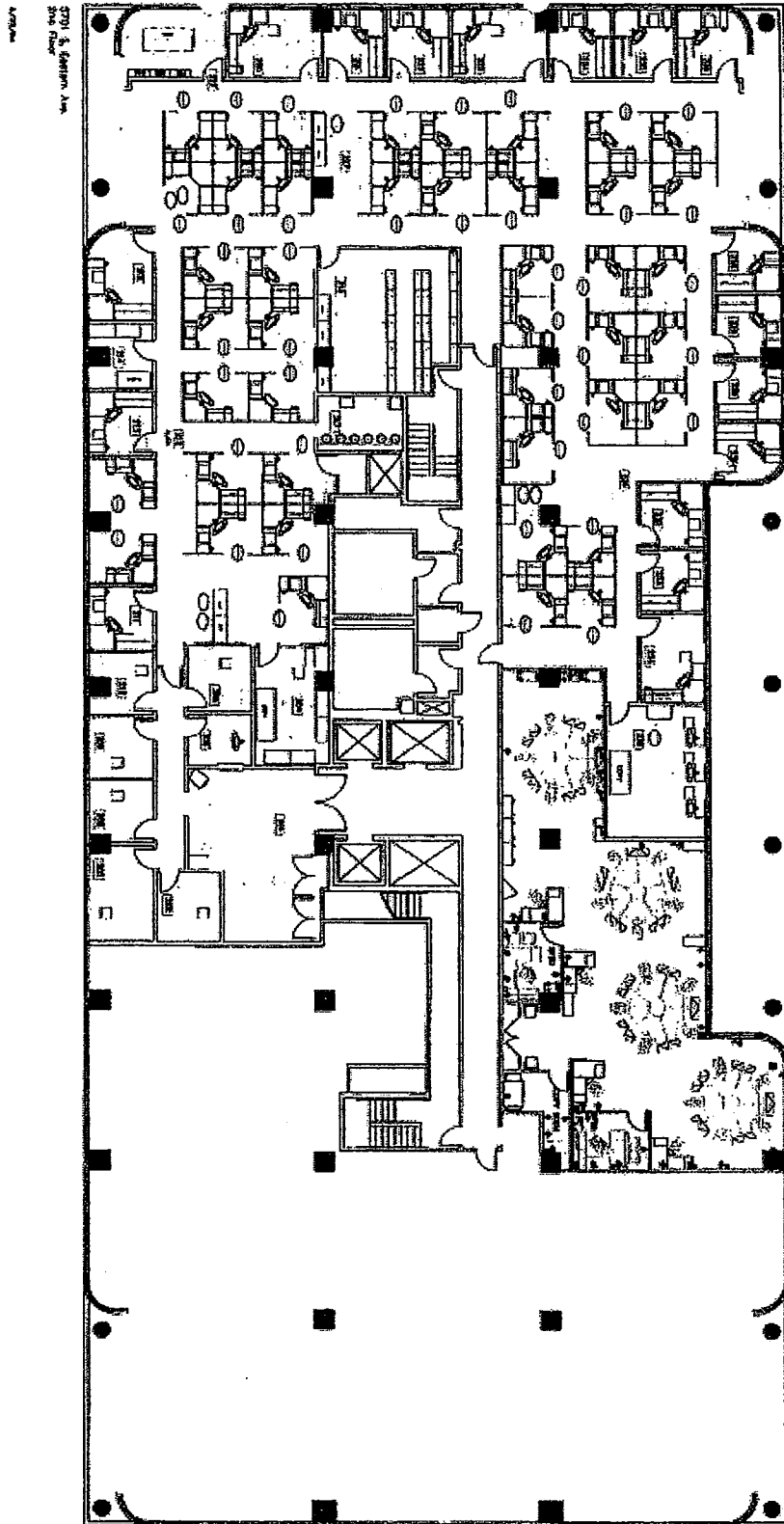


EXHIBIT A

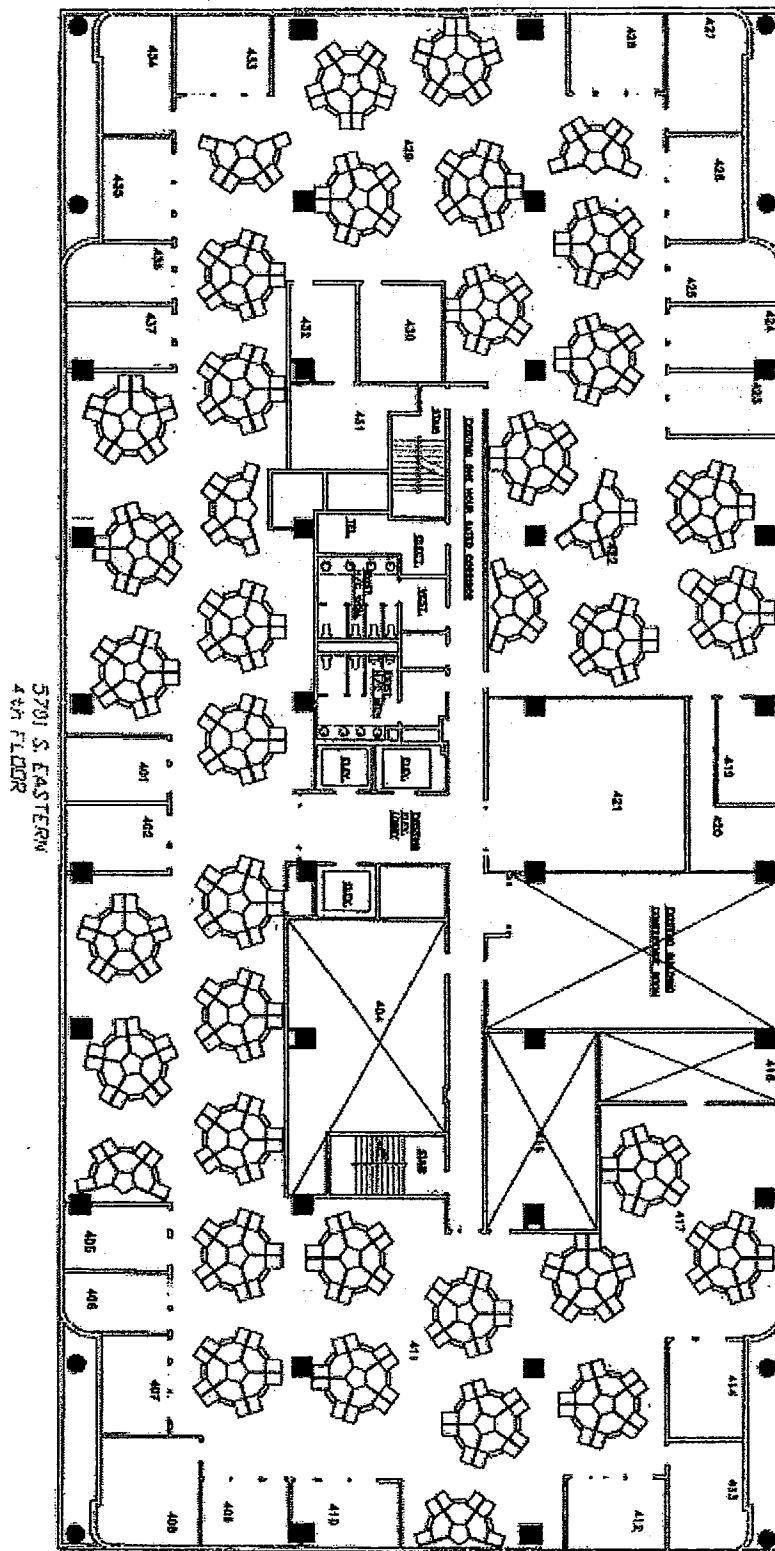


EXHIBIT A

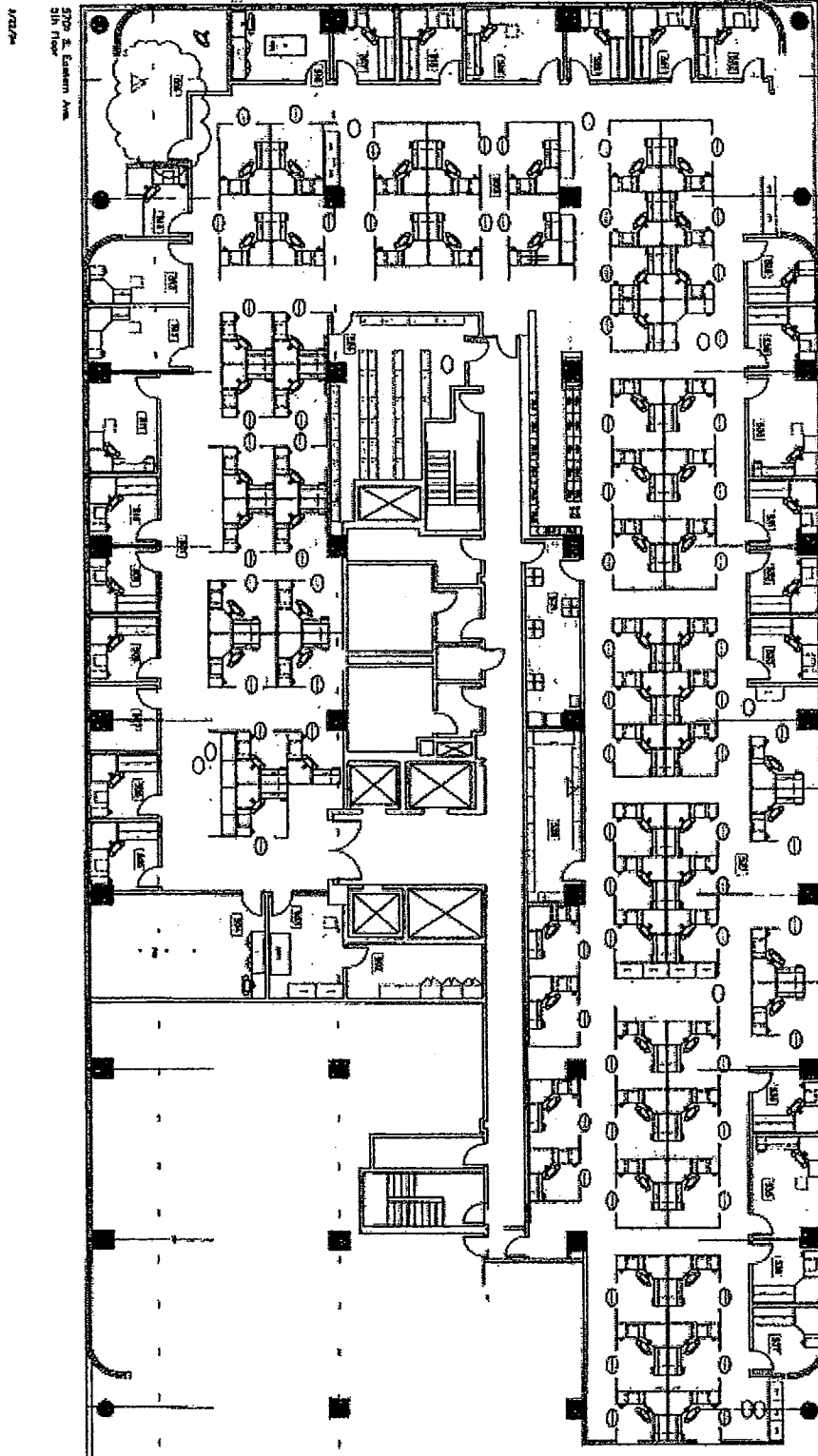


EXHIBIT A

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

**PARCELS 1 AND 2 OF PARCEL MAP NO. 15526, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, FILED IN BOOK 162, PAGES 9 AND 10, OF LOT 2, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.**

**EXCEPT ALL OIL, GAS AND OTHER PETROLEUM OR MINERAL SUBSTANCES IN AND UNDER SAID LAND, BUT WITHOUT RIGHT OF SURFACE ENTRY AS RESERVED BY CHANSLOW-CANFIELD MIDWAY OIL COMPANY, IN THE DEED RECORDED IN BOOK 20565 PAGE 1 OFFICIAL RECORDS, AS INSTRUMENT NO. 1944.**

**APN: 6332-003-020**



EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated \_\_\_\_\_, 2007, between County of Los Angeles, a body politic and corporate ("Tenant"), and AP-Commerce Plaza LLC, a Delaware limited liability company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 5701 S. Eastern Ave., City of Commerce CA ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_ ("Commencement Date");
- (4) The Premises contain 61,130 rentable square feet of space; and
- (5) Basic Rent Per Month is \$131,430

IN WITNESS WHEREOF, this Memorandum is executed this \_\_\_\_ day of \_\_\_\_\_, 2007.

"Tenant"

COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

"Landlord"

AP-COMMERCE PLAZA LLC, a  
Delaware limited liability company

By: Abbey-Properties II LLC, a  
California limited liability company  
Its: Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXHIBIT D

### HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours (and after-hours upon special request by the tenant, at the agreed upon rate), established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

## EXHIBIT E

### CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
- M. Exclusive day porter service from \_\_\_\_ to \_\_\_\_ **(if provided by contract).**

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

A. Windows washed as required inside and outside but not less frequently than twice annually.

6. ANNUALLY

A. Carpet professionally cleaned as required to remove stains.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

## EXHIBIT F

### TENANT IMPROVEMENTS

#### SPECIFICATIONS FOR TENANT IMPROVEMENTS:

##### Carpet:

- A. Install new carpet in occupied premises, excluding corridors and existing stairways.
- B. Carpet shall be textured, patterned modular carpet tile, 28oz. minimum yarn weight throughout. Allow for more than one choice in patterns.
- C. Specify Mannington, Masland, Designweave, Shaw Contract, or approved equal.

##### Paint:

- A. Paint all existing interior spaces including, but not limited to walls, ceilings, doors, and trim. Provide one primer coat and two finish coats.
- B. Provide one base color:
  - Office areas: eggshell finish.
  - Restrooms, lunchrooms and breakrooms: semi-gloss.
- C. Specify Dunn Edwards, or approved equal.

**SUPPLEMENTAL LEASE DOCUMENTS**

**For**

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT: CHILD SUPPORT SERVICES, as Tenant**

**LANDLORD: AP-COMMERCE PLAZA LLC, a Delaware Limited Liability  
Company**

**5701 S. EASTERN AVE., CITY OF COMMERCE, CA**

**\*\*\*\*\***

**Document I - Subordination, Nondisturbance and Attornment Agreement**

**Document II - Tenant Estoppel Agreement**

**Document III - Community Business Enterprises Form**

**Document IV - Memorandum of Lease**

## SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

**County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street  
3rd Floor  
Los Angeles, California 90012**

**Space above for Recorder's Use**

**NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

This Subordination, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), AP-COMMERCE PLAZA LLC, a Delaware limited liability company ("Borrower"), and Bank of America, N.A. ("Lender").

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated \_\_\_\_\_ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

## Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination, which is conditioned upon the nondisturbance agreement of Borrower and Lender in Section 3 of this Agreement.
2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.
3. Nondisturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Lessee of any other property rights granted pursuant to the Lease.
4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.
5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.



6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender: Bank of America  
5 Park Plaza, Fifth Floor  
Irvine, CA 92614  
Attn: Angie Phan

To Borrower: AP-Commerce Plaza LLC  
c/o The Abbey Management Company LLC  
310 Golden Shore, Suite 300  
Long Beach, CA 90802  
Attn: Legal Department

To Tenant: County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Agreement shall be conducted in the County of Los Angeles, State of California. This Agreement is the entire Agreement between the Lender and Tenant and may only be modified by a written amendment executed by Lender and Tenant.

TENANT: COUNTY OF LOS ANGELES,  
a body politic and corporate

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.  
County Counsel

By: \_\_\_\_\_  
Stephanie Brody  
Senior Associate County Counsel

By: \_\_\_\_\_  
William L. Dawson  
Acting Director of Real Estate

BORROWER: AP-COMMERCE PLAZA LLC, a  
Delaware limited liability company

By: Abbey-Properties II LLC, a  
California limited liability company  
Its: Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER: Bank of America, N.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DOCUMENT II**  
**TENANT ESTOPPEL CERTIFICATE**

To: [Insert name of party to rely on document]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Re:    Date of Certificate: \_\_\_\_\_  
      Lease Dated: \_\_\_\_\_  
      Current Landlord: \_\_\_\_\_  
      Located at: \_\_\_\_\_  
      Premises: \_\_\_\_\_  
      Commencement Date of Term: \_\_\_\_\_  
      Expiration Date: \_\_\_\_\_  
      Current Rent: \_\_\_\_\_

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1.     Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2.     (a)    A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

      (b)    The current Rent is set forth above.

      (c)    The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease.

      (d)    Except as specified in the Lease, Tenant has no option or right to lease additional space in the Premises or Building or to use any parking.

      (e)    Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

      (f)    Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
William L. Dawson  
Acting Director of Real Estate

APPROVED AS TO FORM  
Raymond G. Fortner, Jr.  
County Counsel

By: \_\_\_\_\_  
Stephanie Brody  
Senior Associate County Counsel

### DOCUMENT III

#### **COMMUNITY BUSINESS ENTERPRISES FORM**

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of lease will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates, Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: \_\_\_\_\_

|   | OWNERS/PARTNERS<br>ASSOCIATE PARTNERS | MANAGERS | STAFF |
|---|---------------------------------------|----------|-------|
| Black/African American  | _____                                 | _____    | _____ |
| Hispanic/Latin America  | _____                                 | _____    | _____ |
| Asian American  | _____                                 | _____    | _____ |
| Portuguese American   | _____                                 | _____    | _____ |
| American Indian/ Alaskan<br>Native  | _____                                 | _____    | _____ |
| All Others  | _____                                 | _____    | _____ |
| Women (Should be included<br>in counts above <u>and</u> also<br>reported here separately) | _____                                 | _____    | _____ |

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: \_\_\_\_\_ (Corporation,  
Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP

|                                    |       |
|------------------------------------|-------|
| Black/African American             | _____ |
| Hispanic/Latin American            | _____ |
| Asian American                     | _____ |
| Portuguese American                | _____ |
| American Indian/<br>Alaskan Native | _____ |
| All Others                         | _____ |
| Women                              | _____ |

(Should be included in counts  
above and also reported  
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS  
FIRM BY THE:

|                      |     |    |
|----------------------|-----|----|
| State of California? | Yes | No |
| City of Los Angeles? | Yes | No |
| Federal Government?  | Yes | No |

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS  
FORM.

Firm Name: AP - COMMERCE PLAZA LLC

Signed: 

Date: 7/16/07

Title: CEO

**DOCUMENT IV**

**MEMORANDUM OF LEASE**

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

County of Los Angeles  
Chief Executive Office  
Real Estate Division  
222 South Hill Street  
3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

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**MEMORANDUM OF LEASE**

This Memorandum of Lease ("Memorandum") is made and entered into by and between AP-COMMERCE PLAZA LLC, a Delaware limited liability company (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on \_\_\_\_\_, 20\_\_\_\_, and ending on a date \_\_\_\_\_ (7) years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated \_\_\_\_\_, 200\_.

[Tenant has the option to extend the term of the Lease for a period of five (5) years, subject to the terms and conditions of the Lease.]

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: \_\_\_\_\_, 20\_\_.

LANDLORD:

TENANT:

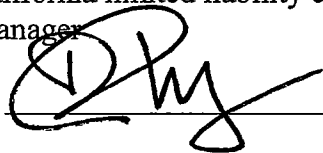
AP-COMMERCE PLAZA LLC, a  
Delaware limited liability company

\_\_\_\_\_

By: Abbey-Properties II LLC, a  
California limited liability company

Its: Manager

By: \_\_\_\_\_



Name: Donald G. Abbey

Its: Managing Member

By: \_\_\_\_\_

Its: \_\_\_\_\_



# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

Los Angeles

SS.

On

June 28, 2007

before me,

Elvira Garcia, Notary Public

personally appeared

Donald G. Abbeys

Name(s) of Signer(s)

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Elvira Garcia

Signature of Notary Public

## OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_

Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer

Signer's Name: \_\_\_\_\_

☐ Individual

☐ Corporate Officer — Title(s): \_\_\_\_\_

☐ Partner — ☐ Limited ☐ General

☐ Attorney-in-Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER

Top of thumb here